

I. Introduction

During the budget crisis that began in fiscal year 2002, the state implemented almost three billion dollars in budget cuts.¹ This report examines the impact that those cuts have had on women and girls in the Commonwealth. State fiscal policy often appears to be a dry and distant topic, but a careful examination of the state budget over the past four years shows that there have been real cuts that are causing real pain to real people.

Women and girls are the primary beneficiaries of many of the essential services that government provides. While some of the most important state services help mothers to raise their families, other equally important services help women to participate successfully in the workplace. Other services help women and girls maintain healthy and safe lives within their communities. For example, by providing child care assistance, state government helps tens of thousands of low-income women to balance work and family obligations. By providing publicly-funded health insurance, state government helps women and girls get access to high-quality health care.

Sixty-six percent of the graduates from our state and community colleges are women. Virtually all of the participants in employment and training programs run by the Department of Transitional Assistance are women. The majority of students in state-funded Adult Basic Education are women. Close to two-thirds of adults covered by Medicaid are women. In many instances, women and girls receive relatively more benefit from state services than do men and boys, and therefore are disproportionately affected by reductions in those services.

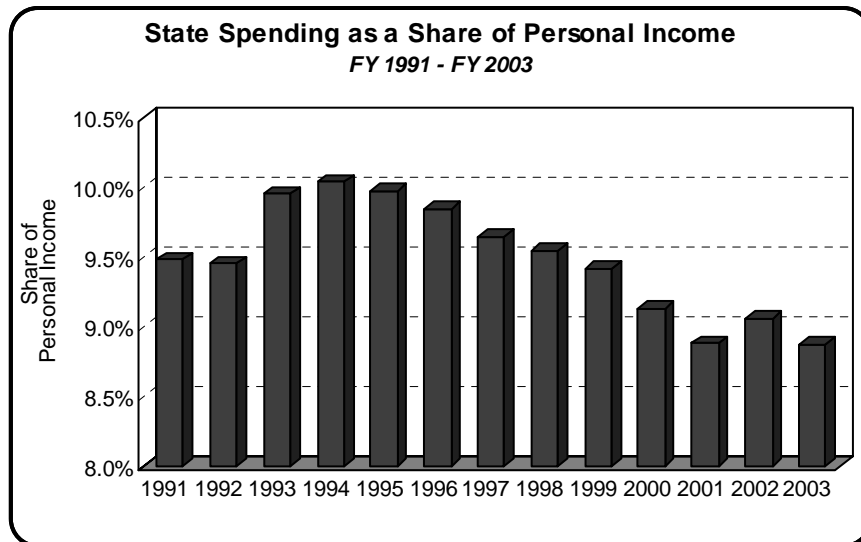
In many cases the state's efforts to provide economic security, expand opportunity, and protect the well-being of women and girls have been directly harmed by budget cuts enacted during the state fiscal crisis. This report describes the benefits state services provide for women and girls, tracks funding for these services since the fiscal crisis began, and examines the impact of budget cuts. The report looks both at areas where women are the primary beneficiaries of services and at other areas where women and men participate equally, but the economic impact on women is particularly significant.

The cutbacks described in this report have occurred during the fiscal crisis that began in 2002. While the weakness of the national and state economies contributed to the budget shortfalls that led to these cuts in programs, it is important to recognize that policy choices played a major role in creating the fiscal crisis.

During the 1990s, as personal incomes rose year after year, the state implemented over \$3 billion in tax cuts.² As incomes rose, the state took a smaller percentage of total income in the form of taxes. Thus, as Figure 1 indicates, state spending as a share of personal income dropped steadily during the economic boom of the middle to late 1990s.

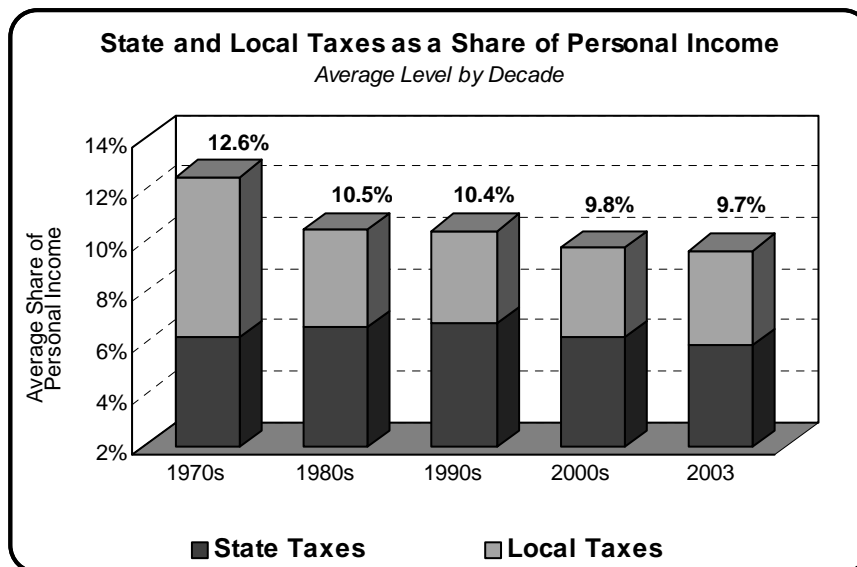


Figure 1



As incomes were rising rapidly during the 1990s, the state was able to reduce the share of income that was paid in taxes without severely cutting programs. But when the economic bubble burst in 2001, it became clear that the decade of tax cuts had created a structural budget deficit.³ The cuts described in this report are among the steps that the Commonwealth has taken to pay for those tax cuts.

Figure 2



As Figure 2 shows, the state and local tax burden in the Commonwealth in 2003 was lower than it had been in each of the last three decades. While the differences in the percentage of total income being paid in taxes may appear modest, the impact on the state budget has been significant. Had state and local governments taxed in 2003 at the average level of the prior decade, there would have been an additional \$2 billion available to fund essential services such as those described in this report. Furthermore, had state and local taxes in 2003 been at the level of the early 1990s (when taxes were above the decade's average), there would have been \$3 billion in additional revenue available to provide basic public services. In 2003, the most recent year for which data are available, 9.7 percent of personal income in Massachusetts was paid in taxes to support state and local government, the lowest level in several decades.⁴ Taxes and fees are also a smaller percentage of personal income in Massachusetts than in 46 of the 50 states.⁵

The services provided by state government are often unheralded but important: education for our children; health care for nearly one million people; long term care for elders; police and fire protection; courts, prosecutors and prisons; state parks, playgrounds, pools and rinks; services for people with mental retardation or mental illness; child care; affordable housing; environmental protection; roads and bridges; job training, higher education, and other economic development efforts.

Every day, millions of women in Massachusetts help to pay for the costs of state government through their taxes and fees. Every day, some of these same women and their daughters benefit from the services paid for by these taxes. The trade-off becomes clear: there is a direct connection between the revenues raised by the Commonwealth and the services provided. Cuts in revenues led to profound budget cuts that had real impacts on the lives of real women and girls.

In considering the ways in which government assists women, and the cutbacks that have been made in those programs, it is worth asking whether we believe these cuts are necessary, whether further cuts should be implemented to finance additional tax cuts, or whether restoring some of the services that have been cut would be worthwhile even if it requires moving the rate of taxation back towards where it was during the 1990s.

This report reviews funding patterns and connects specific reductions to the availability of services. Unless otherwise noted, budget figures come from General Appropriation Acts and related supplemental budgets. To determine the “real” impact of funding cuts, the analysis provides inflation-adjusted as well as nominal dollar amounts.

This report is divided into sections, roughly paralleling some of government's essential functions in the lives of women and girls. The following section describes programs that provide for the economic security of women and girls. Section III discusses government's role in funding early education and care, and Section IV reviews state



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funding for K-12 and higher education for women and girls. There are two sections on health care (Sections V and VI). The first of these sections covers the Commonwealth's investment in health insurance as a means of providing access to health care. The second of these sections describes several public health programs that are important to women and girls. The final section details some of government's role in protecting the well-being of older women.

¹ *State Budget '04: The Long Road Back*, Massachusetts Taxpayers Foundation, January 2004, p. 10, available at www.masstaxpayers.org/data/pdf/reports/budget04.pdf.

² "A Matter of Choice," Massachusetts Budget and Policy Center, May 28, 2004, available at <http://www.massbudget.org/matterofchoice.pdf>.

³ St. George, J., and Nolan, S., *Trading Places: The Role of Taxes and Spending in the Fiscal Crisis*, Massachusetts Budget and Policy Center, February 2003, p. 15, and Na'im, A., Legg Greenberg, C., *Cuts that Hurt: An Examination of Some of the Painful Cuts in the FY2004 State Budget*, Massachusetts Budget and Policy Center, January 2004, p. 2.

⁴ Based on data from the Massachusetts Executive Office for Administration and Finance.

⁵ "Massachusetts' Tax Burden Falls to Bottom Tier of States," Massachusetts Taxpayers Foundation, September 8, 2004, available at www.masstaxpayers.org/data/pdf/bulletins/MassachusettsTaxBurdenNRFINAL.PDF





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